



MedicareR_x
Prescription Drug Coverage X




2005 National *Medicare & You* Training Program





Changes in Medicare

Keeping up with Today's Health Care

- 
- Promoting a healthy lifestyle
 - Covering preventive services
 - Offering prescription drug coverage
 - Expanding coordinated care options
 - Including care for chronic conditions
 - Helping people with Medicare live longer, healthier lives
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What You Need to Know Now




Medicare Prescription Drug Coverage

August 2005

Medicare^{Rx}
Prescription Drug Coverage




Medicare Prescription Drug Coverage

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- Coverage begins January 1, 2006
 - Available for all people with Medicare
 - Provided through
 - Prescription drug plans (PDPs)
 - Medicare Advantage Plans (MA-PDs)
 - Some employers and unions to retirees
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PDP and MA-PD Regions


- 34 PDP regions
- 26 MA-PD regions
- Key factors in establishing regions
 - Eligibility population and capacity
 - Beneficiary consideration
 - Limited variation in prescription drug spending



Important Information




For All People With Medicare

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- Medicare prescription drug coverage is available to all people with Medicare
 - There is additional help for those who need it most
 - Medicare prescription drug coverage pays for brand-name as well as generic drugs
 - Look for a Medicare prescription drug plan that meets your needs
 - Medicare prescription drug coverage helps you pay for the prescriptions you need






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Medicare Prescription Drug Coverage

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- Begins January 1, 2006
 - Available for all people with Medicare
 - Part A, Part B, or both
 - For minimum standard coverage in 2006, enrollees would pay
 - Average monthly premium of about \$32
 - First \$250 per year for prescriptions (“deductible”)
 - Part of the cost of prescriptions after \$250
 - 5% of drug costs (or small copayment) after paying \$3,600 out of pocket
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Savings in 2006

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- On average, for a person with Medicare and no drug coverage now
 - Total drug spending will go down by about 50%
 - Over \$1,100 per year saved
 - People with other drug coverage that, on average, is at least as good as Medicare's also may save money
 - These estimates do not include the extra help for people with limited incomes
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Extra Help With Drug Costs

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- Available for many people with limited income and resources
 - Those below Federal poverty level save over 95% on average
 - People with lowest income and resources
 - Pay no premiums or deductibles
 - Have small or no copayments
 - Those with slightly higher income and resources
 - Have a reduced deductible
 - Pay a little more out of pocket
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Eligibility for Extra Help



■ Income

- Below 150% Federal poverty level

2005
amounts

- \$1,197 per month for an individual* or
- \$1,604 per month for a married couple*
- Based on family size






■ Resources

- Up to \$11,500 (individual)
- Up to \$23,000 (married couple)
 - Includes \$1,500/person funeral or burial expenses
 - Counts savings and stocks
 - Does not count home the person lives in

*Higher amounts for Alaska and Hawaii






Automatic Eligibility for Extra Help

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- Some people may automatically qualify
 - People with Medicare who
 - Get full Medicaid benefits
 - Get Supplemental Security Income (SSI)
 - Get help from Medicaid paying their Medicare premiums
 - All others must apply







How to Apply for Extra Help

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- Social Security Administration (SSA) is mailing applications to those who may be eligible
 - Throughout the summer of 2005
 - Those who think they may qualify should
 - Complete this application
 - Mail it to the address on the back
 - Use the enclosed postage-paid envelope
 - Use original forms only (do not photocopy)
 - People who are not sure should still apply
 - www.socialsecurity.gov can help people decide






Extra Help and Other Drug Coverage

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- People with other drug coverage
 - Should apply for extra help, even if covered by
 - Employer or union group health plan
 - Indian Health Service
 - VA health benefits
 - Should ask how Medicare drug coverage with extra help will work with the current coverage
 - Could save money with Medicare prescription drug coverage



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- Look for a Medicare prescription drug plan that meets your needs
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Which Drugs Are Covered?

- Medicare-covered drugs
 - Drugs available only by prescription
 - Drugs, biologicals, insulin
 - Medical supplies associated with injection of insulin
 - Brand-name and generic drugs
- Drugs not covered
 - Drugs excluded by MMA law
 - Non-prescription drugs
 - Drugs that are covered for a person under Medicare Part A or Part B






Coverage Varies by Plan

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- Plan may not cover all drugs
 - Formularies must include more than one drug in each classification
 - Centers for Medicare & Medicaid Services (CMS) will review formularies
 - Plan must give 60-day notice of many changes
 - Plan must have exception process
 - Gives enrollees access to medically necessary drugs
 - Decision can be appealed
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Ways to Get Coverage

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- Medicare prescription drug coverage is provided through
 - Medicare Prescription Drug Plans
 - Medicare Advantage and other Medicare Health Plans
 - Some employers and unions to retirees
 - Coverage is NOT automatic
 - People need to understand their options




Joining a Plan

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- Enroll directly with the plan sponsor
 - Can get help in enrolling
 - Legal representative
 - Spouse, other relative, friend, or advocate
 - Initial Enrollment Period






For people entitled to Medicare before February 2006	November 15, 2005, through May 15, 2006
For people entitled to Medicare on February 1, 2006, or later	7-month period






Late Enrollment

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- Most people will have to pay a penalty if they wait to enroll
 - Additional 1% of base premium for every month the person was eligible but not enrolled
 - For as long as the person is enrolled in a Medicare prescription drug plan
 - Unless they have other coverage that, on average, is at least as good as Medicare prescription drug coverage




Coverage on Average at Least as Good as Medicare's



■ People with other coverage

- Will receive information from the other plan
- Will not pay a penalty if they wait to enroll
 - If coverage is at least as good as Medicare prescription drug coverage






■ Possible examples

- Some group health plans (GHP)
- State Pharmacy Assistance Program (SPAP)
- VA coverage
- Military coverage including TRICARE




Annual Coordinated Election Period



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- November 15 – December 31 every year
 - Person who does not have a Medicare drug plan can enroll
 - Person who currently has a Medicare drug plan can switch
 - Change effective January 1
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Example of Late Enrollment



Mrs. Jones has Medicare Part A and Part B, and she has no prescription drug coverage. She does not enroll in a Medicare prescription drug plan by May 15, 2006, the end of the Initial Enrollment Period.

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- When will she have another opportunity to enroll in a Medicare prescription drug plan?
 - What are the consequences of waiting to enroll later?
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Example of Late Enrollment




When will Mrs. Jones have another opportunity to enroll in a Medicare prescription drug plan?

- She can enroll during the next Annual Coordinated Election Period, November 15 – December 31, 2006, with coverage effective January 1, 2007.






What are the consequences of waiting to enroll later?

- Since Mrs. Jones does not have coverage at least as good as Medicare drug coverage, she will pay a penalty.






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 - ✓ Look for a Medicare prescription drug plan that meets your needs
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- **Medicare prescription drug coverage helps you pay for the prescriptions you need**
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Things to Consider

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- What is current health insurance coverage?
 - Medicare and employer/union, including military
 - Original Medicare Plan
 - Medicare Advantage and other Medicare Health Plans
 - HMO, PPO, PFFS
 - Medicare Cost Plans
 - Medicare and Medicaid
 - Is there currently prescription drug coverage?
 - Even those with current drug coverage should ask
 - “Is Medicare prescription drug coverage right for me?”

Medicare and Medicaid

- What to do
 - You automatically qualify for the extra help
 - Watch the mail this fall
 - Letter about choosing a Medicare prescription drug plan
 - *Medicare & You 2006* handbook
- Choices to make
 - Compare drug plan options and enroll in a plan
 - If not, Medicare will enroll you in one by December 31, 2005
 - Starting January 1, 2006, Medicare will pay for your prescription drugs
 - Can switch to another plan at any time

Other State/Federal Assistance Programs




- What to do
 - You automatically qualify for the extra help if you
 - Get help from Medicaid paying your Medicare premiums
 - Get Medicare and Supplemental Security Income (SSI) benefits
 - Watch the mail for Medicare & You 2006 handbook
- Choices to make
 - Compare drug plan options
 - Find a plan that meets your needs
 - If no choice made by May 15, 2006, you will be enrolled on June 1, 2006
 - Also applies to people who applied and qualify for extra help
 - Can switch once to another plan (if you get help from Medicaid paying your Medicare premiums, you can switch at any time)

Special Populations

- State Pharmacy Assistance Program participants
- People in long-term care facilities
- Residents of the U.S. territories



State Pharmacy Assistance Programs

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- Provide wraparound coverage
 - Provide same or better coverage and save money
 - Reduce state costs or expand population served
 - Costs incurred by SPAP may or may not be counted toward out-of-pocket limit
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Long-Term Care Facilities



■ Residents




- Usually obtain drugs from pharmacy chosen by the facility
- Can change plans at any time
- Will have convenient access



■ Those with Medicare and full Medicaid coverage have no premiums, deductibles, or copayments






U.S. Territories

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- Each territory has its own prescription drug plan region
 - Each territory can develop its own extra help
 - Help with premiums, coinsurance, copayments, deductibles or
 - Provide supplemental coverage
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Choosing a Plan

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- See *Medicare & You 2006* handbook
 - To be mailed October 2005
 - Read about prescription drug plans in the area
 - For help in choosing a plan
 - Visit www.medicare.gov
 - To get personalized information
 - Call 1-800-MEDICARE (1-800-633-4227)
 - TTY users call 1-877-486-2048
 - Call the local State Health Insurance Assistance Program
 - Attend local community events
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Important Dates




■ May 2005

- Medicare mailed notices to people who automatically qualify for extra help



■ Summer 2005

- Social Security Administration mails applications to people who may be eligible for the extra help






■ July 1, 2005

- Social Security application for the extra help available online




Important Dates

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- September 16 – November 15, 2005
 - Medigap plans with drug coverage mail information to policy holders
 - October 13, 2005
 - Begin comparing plans
 - www.medicare.gov
 - 1-800-MEDICARE (1-800-633-4227)
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Important Dates



■ October 2005

- *Medicare & You 2006* handbook mailed
- Medicare notifies people with Medicare and Medicaid of the plan they will be automatically enrolled in on January 1, 2006, if they do not enroll on their own
- Employer plans send coverage information to enrollees



■ November 15, 2005

- Initial Enrollment Period begins




Important Dates



■ January 1, 2006

- Medicare prescription drug plan coverage begins for those enrolled



■ May 15, 2006

- Last day of Initial Enrollment Period



■ June 1, 2006

- Facilitated enrollment of people entitled to extra help who did not enroll by May 15



For More Information



■ Websites

- www.medicare.gov
- www.cms.hhs.gov/partnerships
- www.socialsecurity.gov



■ Publications

- *Medicare & You* handbook
- *Facts About Medicare Prescription Drug Plans*



■ 1-800-MEDICARE (1-800-633-4227)

■ Social Security Administration

- 1-800-772-1213



Thank You!

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